



CENTRAL INTELLIGENCE AGENCY

WASHINGTON, D. C. 20505

PUBLIC AFFAIRS

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7 February 1985

Mr. William German
Executive Editor
SAN FRANCISCO CHRONICLE
901 Mission Street
San Francisco, CA 94103

Dear Bill:

My attention has been invited to the 30 January 1985 "briefing" section of the CHRONICLE entitled "What's Wrong with U.S. Intelligence Agencies?"

Had the CHRONICLE taken the time to determine if CIA was responding to the two critical articles the section contained, it would have received the attached items. One is my response to Allen Goodman's article, which will appear in the next issue of FOREIGN POLICY. The other is Director Casey's response to John Horton which appeared in the Washington POST on 31 January 1985.

I hope that you will give these two Agency rebuttals the same prominence in the CHRONICLE you gave to the misleading Goodman and Horton articles themselves.

Sincerely,

A handwritten signature in cursive ink, appearing to read "George V. Lauder".
George V. Lauder
Director, Public Affairs

Attachments

SAN FRANCISCO CHRONICLE
20 February 1985

ARTICLE APPEARED

ON PAGE A-5

CIA Responds to Charges

BY GEORGE V. LAUDER

Normally, the CIA does not respond to articles written about it. However, because Allan Goodman's article ("What's Wrong with U.S. Intelligence Agencies," January 30 Briefing) concerns an area of the agency's activities where we can speak publicly and because the article is so inaccurate, we believe the record should be corrected.

Goodman left the agency in 1980 and his information concerning it is seriously outdated. A point-by-point rebuttal of all of his errors and recommendations would take too much time and space. Thus, I will only address the most egregious of his inaccuracies:

■ Goodman states that the intelligence community does not study its failures and that in the few instances where post-mortems have been undertaken the results are not widely disseminated or discussed.

Fact: In recent years, the director of intelligence has assigned a senior group of distinguished officials the task of evaluating some 15 major historical intelligence problems and to evaluate retrospectively at one and two year intervals virtually every estimate now prepared.

The Directorate of Intelligence also has its own evaluation staff. These evaluations are widely shared with the concerned organizations.

■ Goodman asserts that analysts learn to be wary of doing longer range or in-depth studies and that the task of writing estimates and think pieces is to be avoided.

Fact: In the last 3½ years, a substantial percentage of new analytical resources has been devoted to strengthening long-term research. In the last year alone, more than 700 long-term research assessments were published.

■ Goodman asserts that the intelligence community has few analysts posted abroad.

Fact: One of the benefits of new resources in recent years has been a significant expansion of the number of analysts assigned overseas and, for the first time, there are adequate funds for analysts to travel and work overseas.

■ Goodman states that attempts to reach out to academics are strongly resisted.

Fact: The CIA has expanded dramatically its contacts not only with academicians but also with think tanks and the private sector.... Analysts are required to obtain outside training every two years either through academic course work or through attendance at conferences and seminars.

■ Goodman states that analysts should do more to distinguish between what they know and do not know, identify those judgments based on specific evidence from those based on speculation, and make projections about the future.

Fact: One of the principal objectives of new, far more intensive substantive review of CIA analysis is to ensure that our analysts are putting before the policymaker not only a more explicit description of their evidence but also are distinguishing between what is analysis and what is based on evidence, as well as our view of the reliability of that evidence. And when we specu-

late, the reasons behind our speculation are included.

■ Goodman states that the blocking of critical analyses unwelcome to policymakers has been consistent in recent years.

■ **Fact:** The charges of the blocking of critical estimates because they were critical of policy are false; the agency continues to publish a wide range of estimates without regard to the political consequences for policies that may be affected.... we would simply note that neither oversight committee of the Congress, which — unlike Goodman — has access to our assessments has reached his conclusions.

In sum, many of the policies Goodman advocates with respect to improving the quality of analysis, already have been implemented.

While we recognize there is always room for improvement and there are still occasional lapses, the fact remains the policies are in place. And just as Goodman predicted, these changes in analytical methods and management have reduced the failure rate for American intelligence.

George V. Lauder is director of public affairs for the CIA

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Casey's Reply

BY WILLIAM J. CASEY

In the January 30 Briefing under the heading, "When Pressure Forces a CIA Officer to Quit," John Horton stated that he "quit the CIA" because pressure was put on him to come up with an estimate that would satisfy the director of central intelligence.

It is not entirely clear what Horton means by this. (Horton was national intelligence officer for Latin America when he resigned last year.)

As national intelligence estimates are issued by the director and are traditionally regarded as his estimates, it is hardly surprising that, after hearing the views of all agencies representing the intelligence community, the director should want to be satisfied that the estimate is accurate, and that it fully conveys what the users should know.

If Horton means that he was required to suppress or distort evidence available to the intelligence community, it is a very serious charge that needs to be addressed on the record.

The first obligation of the director of central intelligence is to produce intelligence estimates and reports that are as accurate, comprehensive and objective as possible and which appropriately reflect the diverse and often conflicting views of the various components of the intelligence community.

Improving the estimating process was my primary concern when I assumed office in 1981. Procedures were instituted to encourage a broad range of views.

The chief of every component of the American intelligence community is responsible for putting forward at meetings of the National Foreign Intelligence Board the information and judgments developed in his organization. These procedures were carefully followed in the National Intelligence Estimate (on Mexico) addressed in Horton's article.

Concern over developments had led to the initiation of a new estimate of the prospects for serious instability in a particular country. This issue was controversial within the intelligence community.

There were disagreements between the drafting analysts and Horton over deletions made by the latter, and I insisted that at least some of the information and challenges to conventional wisdom present in the analyst's original draft be restored to the estimate so that the range of views existing in the intelligence community would be available to policy-makers.

The full range of the judgments that came out of the process were clearly and prominently stated on the first page of the estimate.

Finally, the House Committee on Intelligence reviewed this matter and stated in its annual report issued last month that: "the committee examined the earlier drafts and the final version of that particular National Intelligence Estimate and found that dissenting views were printed at the very beginning of the study, a practice the committee applauds."

William J. Casey is director of the Central Intelligence Agency

How to Improve U.S. Intelligence

From Page 1

ties were set for political intelligence in 40 countries whose stability was judged directly to affect major American interests.

The group intended more resources to hire expert political analysts — not collectors — and decreed greater coordination in the collection of political intelligence between the Foreign Service and the intelligence community.

The only tangible result achieved by the group, however, was a substantial expansion of reporting requirements that fell largely on clandestine collectors because the Foreign Service was not given the staff resources to respond.

During his 1980 presidential campaign Reagan pledged to make improved intelligence one of his top priorities. Once elected, he appointed his campaign manager William Casey as director of central intelligence.

Politics and the CIA

Casey moved decisively and rapidly to bring in his own team to reorganize the analytic part of the CIA along geographic lines to parallel the organization of the operations directorate, and to substantially increase the National Foreign Intelligence Program budget.

According to a Jan. 16, 1983, New York Times Magazine report by Philip Taubman, the CIA is the fastest-growing major federal agency. Its 25 percent budget increase in fiscal year 1983 exceeded even the Pentagon budget's 18 percent growth that year.

Although the intelligence budget's size is classified, Taubman quotes congressional sources as pegging the cost of annual CIA operations at more than \$1.5 billion.

In his exhaustive 1983 study, "The Puzzle Palace," James Bamford reports that estimates of the supersecret National Security Agency's budget run "as high as \$10 billion."

Yet little improvement is apparent with respect to the accuracy of the intelligence community's product.

Charges of intelligence failures have surfaced over estimates of the Soviet military buildup, the accuracy of arms-control monitoring, the threat against the U.S. Embassy and the Marine barracks in Beirut, the ability of the Lebanese army, the future and extent of the Cuban presence in Grenada, and the likely outcome of elections in El Salvador, as well as that country's domestic politics in general.

Another major congressional and public concern has been the politicization of the position of the



CIA Director William Casey

CIA director in the Reagan administration.

The appointment of Casey and his elevation to cabinet status have put the intelligence community deeply into the policymaking arena.

In the atmosphere of a National Security Council meeting, the cabinet room, and the Oval Office itself, the central intelligence director can be tempted, if not basically inclined, to take sides and to express a policy preference.

Yet the temptation is an important one to resist, especially for the president's sake. As the president's principal adviser, only the CIA director can provide the security council with assessments independent of policy preferences.

Report on Lebanon

The trend today at the CIA and elsewhere in the intelligence community is to tailor the product to the needs and nuances of policy debate.

As one senior intelligence officer said in an interview, "Casey comes back here from the White House looking for reports to buttress his stand. He does not ask us for a review of an issue or a situation. He wants material he can use to persuade his colleagues, justify controversial policy, or expand the agency's involvement in covert action."

A case in point is Lebanon. Casey repeatedly returned drafts of one National Intelligence Estimate for revision with the notation "try again."

Many analysts think Casey was dissatisfied with the National Intelligence Estimate's conclusion that the government of Lebanese Presi-

dent Amin Gemayel, and especially its army, were not viable and that they would not be significantly strengthened by a U.S. Marine presence.

Charges that reports have been altered have also surfaced in connection with the CIA's work on Central and South America. Two senior analysts resigned recently claiming that Casey ordered their findings to be rewritten to inflate the threat to U.S. security.

Senate Minority Leader Robert Byrd, D-W.Va., has asked the Senate Select Committee on Intelligence to conduct a thorough evaluation of their allegations. "If accurate," Byrd said in a letter to the committee's vice chairman, "these reports indicate there has been a shocking misuse of the CIA for political purposes."

In addition, the Senate select committee has repeatedly expressed "concern" about whether Casey would keep the committee "fully and currently informed of all intelligence activities."

These anxieties proved well-founded when it was revealed by the New York Times that the CIA had launched a covert action to mine the harbors of Nicaragua without adequately briefing the committee.

Unfortunately, some of these problems are not new. Policy-makers constantly seek intelligence to support their policies and frequently encourage the CIA director to provide it. And intelligence officials have always tried to tell congressional oversight committees as little as possible, especially regarding covert operations.

One fundamental problem is that the current reporting system

discourages analysts and agencies from sharing information. Consequently, when collectors or analysts in one part of the community find new data that challenge conventional wisdom, their first instinct is to squirrel them away.

What is Needed

The immediate need is for an overhaul of the analytic career service and production process that will correct patterns of thinking and of management that have contributed to past intelligence failures.

A central, community-wide foreign-intelligence data base should be created to assure that an analyst working on a specific problem would have access to all the information collected.

Analysts also should be provided with incentives to do more reflective writing and research. Work and travel abroad should be facilitated and a thorough, substantive review procedure for all products and publications should be developed. These steps would greatly improve the accuracy and quality of the intelligence product.

Analysts must also pay more attention to distinguishing between what they know and do not know, to identifying judgments based on specific evidence vs. those based on speculation, and to making projections about the future.

Reorganizing the way U.S. intelligence services collect, analyze and disseminate the knowledge essential for national decision-making should be a high priority.

In particular, a return to the concept of central intelligence collection and analysis would help improve the performance of both tasks. Such centralization, along with the separation of collectors from analysts, would break down agency-erected barriers to the badly needed sharing of all information.

Thus the United States should establish a central collection agency, able to command and mix human and technical intelligence collectors to use each most effectively.

Also needed is a central agency for research and analysis where, again, the best talent can be deployed to work on a problem in as much depth as required. These two agencies should replace the CIA, NSA, and other intelligence organizations.

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Excerpted from the Winter issue of Foreign Policy magazine. Alton E. Goodman served in several senior staff positions in the Central Intelligence Agency from 1975 to 1980, including presidential briefing coordinator of central intelligence. He is associate dean of the School of Foreign Service of Georgetown University.